

ERIC LUEDTKE
Legislative District 14
Montgomery County

MAJORITY LEADER

Ways and Means Committee

Chair, Revenues Subcommittee



The Maryland House of Delegates
6 Bladen Street, Room 350
Annapolis, Maryland 21401
301-858-3110 · 410-841-3110
800-492-7122 Ext. 3110
Fax 301-858-3053 · 410-841-3053
Eric.Luedtke@house.state.md.us

THE MARYLAND HOUSE OF DELEGATES
ANNAPOLIS, MARYLAND 21401

SPONSOR TESTIMONY

House Bill 2 - Income Tax – Work Opportunity Tax Credit

Madame Chair, Members of the Ways and Means Committee,

When the COVID-19 pandemic shut down the economy in March 2020, Maryland's unemployment rate exploded from 3.5% to 9% almost overnight. Thankfully, many of those who found themselves jobless during the shutdown have since returned to employment. But despite this progress, the unemployment rate remains nearly 2% higher than pre-pandemic levels.

During these trying past two years, many Marylanders found themselves for the first time in their professional lives unemployed and uncertain about how they would pay their bills. My office received thousands of assistance requests for unemployment insurance and talked to countless constituents about the uncertainty that unemployment has caused in their lives. However, for too many in our state this was not a novel experience. This is a group referred to broadly as the chronically unemployed and includes certain groups who struggle finding employment including veterans, people with disabilities, and returning citizens.

Many of these Marylanders have discovered over time that re-employment becomes more difficult the longer they are unemployed. Employers are more likely to hire workers that have recently been employed, creating an additional barrier for those who are trying to rebuild their economic security. This is an unforgiving cycle that too many have found themselves trapped in.

The federal government created the Work Opportunity Tax Credit (WOTC) in 1996 to help alleviate this problem and it has returned great results. The idea of the credit is to provide businesses who hire employees from targeted groups with a tax credit. In effect, it lowers the cost to employers of hiring Marylanders who are struggling to find employment. Now, to build on the success of this program, I have put forward this proposal to create a 1:1 state match for the federal WOTC. This will further incentivize employers to open opportunities to Marylanders who are looking for work and help the chronically unemployed get back on their feet.

This proposal has the potential to vastly improve the lives of Marylanders in communities around the state while lowering costs for businesses. I thank the committee for considering this proposal and urge you to issue a favorable report.

Sincerely,

A handwritten signature in black ink, appearing to read "Eric Luedtke". The signature is written in a cursive style with a prominent loop at the end.

Delegate Eric Luedtke